

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 926**

April 3, 2009

**SUMMARY OF BILL:** Requires any cigarette vendors and clerks seeking certification as a responsible vendor or responsible clerk successfully to complete a training and certification program approved by the Department of Agriculture. Requires certification to be renewed annually. Requires the Department of Agriculture to establish the requirements and guidelines for training programs and to approve all responsible vendor and clerk training programs. Requires the Department to maintain a master list of all certified clerks and clerks not eligible for certification. Requires all certified clerks to attend a minimum of one meeting per year to receive updates from the Department. Authorizes the Department to revoke a clerk's certification for up to one year in the event of the sale to a minor. The clerk will not be fined for the first violation. Second or subsequent violations are subject to fines of up to \$5,000. Requires the Department to revoke a vendor's certification for three years if the vendor has two or more violations within a 12-month period. Establishes a registration fee for providers of vendor training programs. Establishes an annual registration fee schedule for vendors applying for certification. Requires all monies collected to be deposited into the Cigarette Vendor Certification Fund and establishes carry-forward provisions for this fund. Authorizes the State Treasurer to invest any money in the Cigarette Vendor Certification Fund.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$52,600/FY09-10/Cigarette Vendor  
Certification Fund  
\$175,200/FY10-11 and Subsequent  
Years/Cigarette Vendor Certification  
Fund**

**Increase State Expenditures - \$24,000/One-Time/Cigarette  
Vendor Certification Fund  
\$130,100/Recurring/Cigarette  
Vendor Certification Fund**

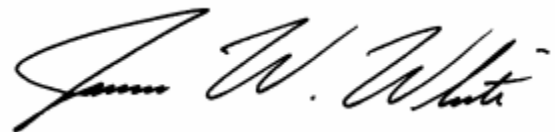
**Increase Local Expenditures – Not Significant**

Assumptions:

- According to the Department of Agriculture, there are 7,300 establishments that offer tobacco for sale. It is estimated that 40 percent (2,920) of these establishments would participate in the certification program ( $7,300 \times .40 = 2,920$ )
- It is estimated that 30 percent (876) of those participating will register in the first year and the remaining 70 percent (2,044) would register in year two. Initial registration and renewal fees would be established at \$35.
- The increase in state revenue for the registration of establishments would be \$30,660 ( $876 \times \$35$ ) in the first year and \$102,200 ( $2,920 \times \$35$ ) in the second and subsequent years.
- The Department of Agriculture estimates that each facility will have less than 15 employees certified which would set the clerk fee for the vendor at \$25 per responsible vendor. This would result in an increase in state revenue of \$21,900 ( $876 \times \$25$ ) in the first year and \$73,000 ( $2,920 \times \$25$ ) in year two and each subsequent year.
- One-time increase in state expenditures for these additional positions is estimated to equal \$24,000 (\$20,000 computers and programming + \$4,000 supplies).
- The Department of Agriculture will require three additional positions to administer this certification program. These positions will include one administrative service assistant at \$26,180.88 (\$25,320 salary + \$8,608.80 benefits), and administrative assistant at \$31,227.36 (\$23,304 salary + \$7,923.36 benefits) and a food and dairy inspector at \$41,711.52 (\$31,128 salary + 10,583.52 benefits). Recurring increase in state expenditures for these additional positions is estimated to equal \$130,087.68 (\$79,752 salaries + \$27,115.68 benefits + \$9,720 travel + \$13,500 computer, communication, and supplies).
- According to the Municipal Technical Advisory Service, any increase in local expenditures for enforcement of this regulation is expected to be not significant.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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